

Message Text

CONFIDENTIAL

PAGE 01 MANILA 00923 01 OF 02 181100Z

ACTION EA-12

INFO OCT-01 ISO-00 ACDA-12 CIAE-00 INR-07 IO-13 L-03
NSAE-00 NSC-05 EB-08 NRC-05 OES-07 SOE-02 DODE-00
DOE-11 SS-15 SP-02 PM-05 H-01 PA-01 PRS-01
USIA-06 TRSE-00 COME-00 /117 W
-----040942 181119Z /21

R 180901Z JAN 78

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 503

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 923

E. O. 11652: GDS

TAGS: ENRG, RP, US

SUBJECT: WESTINGHOUSE REPS CALL ON EMBASSY TO DISCUSS NUCLEAR POWER
PROJECT

REF: (A) MANILA 0861, (B) MANILA 0863

1. SUMMARY. LOCAL WESTINGHOUSE REPS CALLED ON EMBASSY
JANUARY 17 TO BRING US UP-TO-DATE ON STATUS OF THE NUCLEAR
POWER PROJECTS, AND THE IMPACT OF US PRESS ALLEGATIONS ON IT
FROM THEIR PERSPECTIVE. REPS ARE SLIGHTLY BITTER OVER "DIS-
TORTIONS AND INNUENDO" IN JANUARY 14 NEW YORK TIMES ARTICLE,
BUT OPTIMISTIC THAT WESTINGHOUSE WILL BE CLEARED OF ANY
ALLEGED WORONGDOING. END SUMMARY.

2. L. C. SAUNDERS, V.P., POWER SYSTEMS-FAR EAST, WESTING-
HOUSE ELECTRIC S.A. (BASED IN HONG KONG), LEN SABOL, POWER
SYSTEMS LOCAL REP, AND JOHN WEAVER, WESTINGHOUSE PORJECT MAN
AGER, CALLED ON ECON COUNSELOR AND ONE OTHER EMBOFF TO BRING
EMBASSY UP-TO-DATE ON STATE OF PLAY OF NUCLEAR PROJECT FROM
THEIR PERSPECTIVE.

3. REACTION TO PRESS. SAUNDERS STARTED OUT BY CHARACTERIZING
RECENT US PRESS ARTICLES ON THE PROJECT, AND SPECIFICALLY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 00923 01 OF 02 181100Z

THE NEW YORK TIMES BUTTERFIELD ARITCLE, AS BEING A GROSS DIS-
TORTION OF DETAIL AND DAMNING BY INNUENDO. PARTICULARLY UP-
SETTING WAS CITATION OF SOURCES WITHOUT NAMING THEM. SABOL,
IN EARLIER PHONE CONVERSATION WITH EMBOFF DESCRIBED PRESS
REPORTS AS "SPURIOUS, UNSUBSTANTIATED ALLEGATIONS FROM UN-
IDENTIFIED SOURCES INACCURATELY QUOTED". SABOS SAID, "US
PRESS IS MAKING ITIWABOUT IMPOSSIBLE TO DO BUSINESS OUT HERE".

4. WESTINGHOUSE REBUTTAL. SAUNDERS GAVE EMBASSY COPY OF LETTER GORDON C. HURLBERT, PRESIDENT, POWER SYSTEMS INC., WESTINGHOUSE S.A. HAS WRITTEN TO THE EDITOR OF NEW YORK TIMES ADDRESSING MOST OF THE SUBSTANTIVE ALLEGATIONS IN THE BUTTERFIELD ARTICLE, SPECIFICALLY COMMISSION PAYMENTS, PRICING, AND CONTRACT NEGOTIATIONS (REPORTED REFTEL B). LETTER WAS ALSO SENT TO ALL PAPERS WHICH CARRIED NEW YORK TIMES ARTICLE. WESTINGHOUSE EXPECTS TO FOLLOW UP WITH ADDITIONAL DETAILS IN A MORE LENGTHY REBUTTAL AT A LATER DATE. WESTINGHOUSE REBUTTAL WAS "COORDINATED" WITH GOP OFFICIALS BEFORE IT WAS ISSUED. LOCAL PRESS ON JANUARY 18, 1978 CARRIED EXCERPTS OF LETTER HIGHLIGHTING COMMISSIONS AND PRICING.

5. INVESTIGATION OF ALLEGATIONS. REPS CONFIRMED THAT PRESIDENT MARCOS HAD ORDERED ENERGY SECRETARY VELASCO AND SOLICITOR GENERAL MENDOZA TO CONDUCT "FORMAL HEARING" INTO THE WESTINGHOUSE CONTRACT TO DETERMINE IF THERE WAS ANY BASIS TO THE ALLEGATIONS. THEY EXPECT HEARINGS TO BEGIN MONDAY, JANUARY 23 (NPC GENERAL MANAGER DEL ROSARIO TOLD EMBOFF JANUARY 16 THAT INVESTIGATION HAD ALREADY BEGUN). WHEN ASKED WHAT DIRECTION HE THOUGHT INVESTIGATION WOULD TAKE, SAUNDERS SAID IT WOULD PROBABLY BE "INFORMAL", AND "INTERNAL". WEAVER THEN VOLUNTEERED THAT THE FORMAT FOR THE QUESTIONS, AND THE ANSWERS DESIRED, HAD ALREADY BEEN GIVEN TO NPC SPECIAL PROJECTS MANAGER TORRES BY AN ATTORNEY FROM CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MANILA 00923 01 OF 02 181100Z

SECRETARY VELASCO'S OFFICE. ACCORDING TO WEAVER, NPC HAS BEEN "INFORMALLY ADVISED" NOT TO VOLUNTEER ANYTHING OUTSIDE THE SCOPE OF THE QUESTIONS ASKED. COMMENT: THESE INSTRUCTIONS COULD STEM AS MUCH FROM ATTEMPT TO LIMIT FURTHER SPECULATION AND RUMORS BEFORE THE FACTS ARE IN AND REPORT DELIVERED TO THE PRESIDENT, AS FROM ATTEMPT TO COVER UP ANY WRONGDOING. END COMMENT.

6. PROJECT PROGRESS REPORT. ALL MAJOR FOUNDATIONS FOR THE PLANT AND REACTOR SITE ARE COMPLETED, A WHARF IS UNDER CONSTRUCTION, THE CIRCULAR CONTAINMENT WALL IS UNDER CONSTRUCTION AS WELL AS THE TURBINE HALL. CONSTRUCTION SUPPORT FACILITIES OF WESTINGHOUSE AND SUBCONTRACTORS ARE EXTENSIVE. SEVENTY-FIVE HOUSING UNITS, COMMISSARY, BOWLING ALLEY, AND COMMUNITY CENTER ARE COMPLETE. IN ADDITION, ALL MAJOR LONG-LEAD COMPONENTS ARE ON ORDER AND WELL INTO MANUFACTURING STAGE. THESE INCLUDE: TWO STEAM GENERATORS (WESTINGHOUSE-TAMPA, FLA.), TURBINE GENERATOR (WESTINGHOUSE-PHILADELPHIA), TURBINE GENERATOR (WESTINGHOUSE-SOUTH CAROLINA), TWO MAIN

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MANILA 00923 02 OF 02 181111Z
ACTION EA-12

INFO OCT-01 ISO-00 ACDA-12 CIAE-00 INR-07 IO-13 L-03
NSAE-00 NSC-05 EB-08 NRC-05 OES-07 SOE-02 DODE-00
DOE-11 SS-15 SP-02 PM-05 H-01 PA-01 PRS-01
USIA-06 TRSE-00 COME-00 /117 W
-----041021 181119Z /21

R 180901Z JAN 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 504

C O N F I D E N T I A L SECTION 2 OF 2 MANILA 923

CIRCULATING PUMPS (WESTINGHOUSE-CHESWICK, PENNSYLVANIA),
HEAT EXCHANGE EQUIPMENT AND CONDENSORS (WESTINGHOUSE-
SOUTH PHILADELPHIA), DESIGN ENGINEERING BY BARNES AND ROE
IN NEW JERSEY, MAJOR STAINLESS STEEL PIPING BY TUBECO,
AND REACTOR VESSEL FROM OTHER MAJOR STATESIDE SUBCONTRACTORS.
CONTAINMENT VESSEL IS ALREADY ON SITE. THE POINT
WESTINGHOUSE REPS STRESSED IS THAT CALLING OFF PROJECT AT
THIS STAGE WOULD BE COSTLY -- AND PART OF THAT COST WILL
BE JOBS IN THE U.S. AT LOCATIONS CITED.

7. EXPORT LICENSE AND REPRESENTATIVE CLARENCE LONG: WEST-
INGHOUSE REPS NOTED THAT CONTROVERSY OVER EXPORT LICENSING
RAISED IN REPRESENTATIVE LONG'S LETTER TO USNRC REPRINTED
IN BULLETIN TODAY (REFTEL A) "HAS EVERYBODY UPSET". THE
EXPORT LICENSE HAS BECOME "A MATTER OF IMMEDIATE CONCERN"
TO GOP OFFICIALS. WESTINGHOUSE REPS ASKED EMBASSY FOR IM-
MEDIATE FEEDBACK ON STATUS OF EXPORT LICENSE (REFTEL A).
FYI: WEAVER, IN LATER TELEPHONE CONVERSATION WITH EMBOFF,
SAID HE HAD BEEN ADVISED BY WESTINGHOUSE HEAD OFFICE IN
PITTSBURGH THAT IN EARLY DECEMBER 1977 USDOC HAD REQUESTED
COMMENTS ON EXPORT LICENSE FROM ALL RELEVANT USG AGENCIES.
ALL HAD RESPONDED FAVORABLY, AND MATTER NOW RESTED WITH
USNRC FOR ACTION. END FYI.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 00923 02 OF 02 181111Z

8. ACTION REQUESTED: IN SPITE OF ABOVE FYI, EMBASSY STILL
DESIRES OFFICIAL USG STATUS REPORT ON EXPORT LICENSE TO USE

IN RESPONDING TO LOCAL INQUIRIES GENERATED BY PUBLICATION
OF CONGRESSMAN LONG'S LETTER.

9. COMMENT: WESTINGHOUSE REPS APPEARED CONFIDENT THEY
COULD WEATHER THIS STORM, BUT REGRETTED THE NECESSITY TO
DO SO. THEY FEEL U.S. PRESS HAS ACTED IRRESPONSIBLY BUT
CHARACTERIZED WIDEMAN AND KRAMER REPORTING AS "FAIRER"
THAN BUTTERFIELD'S. THEY TOOK PAINS TO EMPHASIZE THEIR
CONVICTION THAT WESTINGHOUSE HAS DONE NO WRONG, AND WILL
BE VINDICATED. SAUNDERS, IN RESPONSE TO ECON COUNSELOR
QUESTION, STATED EMPHATICALLY THAT ALL COMMISSION PAYMENTS
ASSOCIATED WITH THE NUCLEAR POWER PLANT CONTRACT ARE REA-
SONABLE AND PROPER AND "WELL WITHIN EXIM BANK'S GUIDELINES".
WESTINGHOUSE HAS MADE NO ILLICIT PAYMENTS, HE SAID. THESE
OBVIOUSLY ARE SELF-SERVING STATEMENTS, BUT BELIEVEABLE, IF
FOR NO OTHER REASON THAN (AS NOTED IN 77 MANILA 18289),
INTERESTED PARTIES HAVE BEEN ADEQUATELY COMPENSATED IN
"LEGAL" COMMISSIONS AND SUBCONTRACTS. END COMMENT.
NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR POWER PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA00923
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780026-0659
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780150/aaaabqdl.tel
Line Count: 189
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 05b3cfe2-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 MANILA 861, 78 MANILA 863
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3756180
Secure: OPEN
Status: NATIVE
Subject: WESTINGHOUSE REPS CALL ON EMBASSY TO DISCUSS NUCLEAR POWER PROJECT
TAGS: ENRG, RP, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/05b3cfe2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014